

[24 April, 2001]

RAJYA SABHA

financing of project activities beyond 30.09.2000. The World Bank has also been approached for extending project preparation funds to the extent of US \$ 1.50 million. The World Bank has responded by stating the request is being processed and the proposal is at the identification stage.

**Monitoring of fiscal programmes of States**

4203. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether after Government's proposal of Rs. 4,243 crore incentive fund for performing States, Government have set up a Committee to monitor their fiscal programmes;

(b) if so, to what extent this proposal will help to correct the messy State finance;

(c) whether this new incentive fund mechanism has been welcomed by all the States; and

(d) to what extent the Committee has been helpful in monitoring reforms for this incentive fund?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (d) Pursuant to the recommendations of the Eleventh Finance Commission (EFC) on Additional Term of Reference, Ministry of Finance has set up an Incentive Fund for Fiscal Reforms in States and a Monitoring Committee for this purpose. Given the broad contours of the fiscal objectives as recommended by EFC, the States have been invited to draw their respective Medium Term Fiscal Restructuring Policy aimed at improvement in revenue deficit/surplus of the State. As a collaborative exercise between the Centre and the State, the Monitoring Committee will monitor the fiscal reforms programme of the State during the EFC award period for release from the Incentive Fund.